

C. DUKES SCOTT
EXECUTIVE DIRECTOR

1401 Main Street, Suite 900
Columbia, SC 29201



DAN E. ARNETT
CHIEF OF STAFF

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nsedwar@regstaff.sc.gov

Nanette S. Edwards
Chief Counsel and Director of Legal Services

March 4, 2013

The Honorable Jocelyn Boyd
Chief Clerk and Administrator
Public Service Commission of South Carolina
101 Executive Center Dr., Suite 100
Columbia, SC 29210

Re: Application of Carolina Water Service, Incorporated ("CWS") for Approval of a Bulk Sewer Service Agreement between Carolina Water Service, Incorporated and Utilities, Incorporated and Georgetown County Water and Sewer District
Docket No. 2012-383-WS

Dear Ms. Boyd:

On November 2, 2012, CWS filed an application seeking Commission approval of a bulk sewer service agreement with Georgetown County Water and Sewer District ("Georgetown").¹ The South Carolina Office of Regulatory Staff ("ORS") recommends that the Public Service Commission of South Carolina ("Commission") set this matter for hearing.

As background, CWS is under a Consent Order with the Department of Health and Environmental Control ("DHEC") dated May 17, 2012, executed April 10, 2012, which required CWS to either 1) transfer ownership of the Whites Creek/Lincolnshire system to Georgetown or 2) construct an interconnection between the two collection systems that will enable CWS to eliminate the discharge from CWS's wastewater treatment plant. Failing either of those options, CWS must upgrade the facility to meet all final permit limits. The Consent Order imposed a schedule. Additionally, DHEC assessed a civil penalty in the amount of \$26,000 but suspended \$14,000 of the penalty. The Consent Order is enclosed and labeled **Attachment One**.²

In its Application, CWS asserts that once the agreement is approved a typical customer will pay about \$41.73 per month, for an increase of approximately \$1.17 per month. (Application, paragraph 11, page 4). Customers currently pay \$40.56 monthly. Upon examining the Application, which included a review of the proposed bulk sewer service agreement, contacting DHEC and Georgetown, and receipt of the Company's responses to ORS data requests, ORS determined that the total monthly charge would range between approximately \$80.00 to \$94.96 if the proposed bulk sewer service agreement with Georgetown is approved. **Attachment Two** provides three examples illustrating the rate currently charged (Example

¹ This Commission previously denied a similar request by CWS in Order No. 2001-360.

² The Consent Order was not provided with the Application or filed with the Commission as required by 10 S.C. Code Ann. Regs. 103-514 (2012).

1); the rate as described in the Application (Example 2); and the rate using the historical flow data provided by CWS and conversations with Georgetown as to the formula for calculating the bulk sewer charges (Example 3).

Based on the results of its investigation, ORS respectfully submits that approval of the proposed Application is not in the public interest and requests that the Commission require notice and a hearing on this matter.³

Sincerely,

A handwritten signature in black ink that reads "Nanette S. Edwards". The signature is written in a cursive, flowing style.

Nanette S. Edwards

cc: Scott Elliott, Esquire
Charles L.A. Terreni, Esquire

³ The Notice of Filing states that a typical customer would pay approximately \$41.73 per month. By affidavit, the Notice of Filing was mailed to the City of Georgetown and County of Georgetown and publication was provided in the *Georgetown Times*. However, no certification of customer mailing has been provided as required by the Commission's Transmittal letter dated November 15, 2012, and any such notice to customers should provide a reasonable estimate of the increase to customers' bills.

CAROLINA WATER SERVICE INC.
DOCKET NO. 2012-383-WS
DATA REQUEST NO.1, RESPONSE TO ITEM 1.9

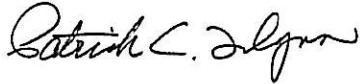
- 1.9 Provide details and documentation regarding any Department of Health and Environmental Control ("DHEC") fines paid or assessed from January 1, 2010 to the present for the system providing service to Whites Creek and Lincolnshire subdivisions.
- a) If DHEC fines were levied, identify the reasons for and amounts of such fines.
 - b) Provide a copy of the orders dictating the fines.
 - c) Does CWS have any outstanding violations noted by DHEC since the filing of the rate case in Docket No. 2010-47-WS? If so, identify the violations and provide a copy of the documentation generated by DHEC (i.e., notice of violations, warning letters, consent orders, etc.) and a copy of CWS's response.

RESPONSE:

- a) Please see the attached "**Exhibit 1.9.1 Consent Order 2012-12-W**" that includes an explanation of DHEC's assessed penalty of \$26,000 in regard to the operation of the Lincolnshire/Whites Creek WWTP. However, \$14,000 of the penalty was held in abeyance pending the completion of the remaining tasks identified in the Order including a requirement that CWS either: 1) Complete the transfer of ownership of the Lincolnshire/Whites Creek system to Georgetown County Water and Sewer District (GC); or 2) construct an interconnection between the two systems that would allow CWS to eliminate the discharge from the Lincolnshire/Whites Creek WWTP. CWS timely paid \$12,000 to DHEC after execution of the CO. The negotiations with GC were completed in October, two months after the July 1, 2012 deadline contained in the CO. Subsequently, CWS paid the additional \$14,000 amount that was held in abeyance plus a \$5,000 stipulated penalty for not completing the negotiations prior to the end of August. No other fines are expected to be levied; and CWS is on schedule at this time. The total amount of the penalties was \$31,000.
- b) Please see the attached "**Exhibit 1.9.1 Consent Order 2012-12-W**", "**Exhibit 1.9.2 NOV of CO Aug 13 2012**", and "**Exhibit 1.9.3 NOV of CO Sept 6 2012**", which comprise all of the penalty notifications.
- c) DHEC did not perform a facility inspection of the Lincolnshire/Whites Creek system in 2010. CWS received a Compliance Evaluation Inspection from DHEC dated Sept. 8, 2011, which is attached as "**Exhibit 1.9.4 Compliance Evaluation Inspection Sept 8 2011**". A response to the CEI was sent to DHEC on October 21, 2011, attached as "**Exhibit 1.9.5 CEI Response Ltr Oct 21 2011**", which summarizes the informal conference held on October 13, 2011 at DHEC's office. The CEI response include a proposed timeline of tasks and activities that included making interim improvements to the treatment facilities while at the same time continuing negotiations with GC toward a mutually acceptable bulk sewer service agreement.

Additionally, and as required by the terms of the CO, a proposed schedule of compliance was submitted to DHEC on July 31, 2012, attached as "**Exhibit 1.9.6 Proposed Schedule per CO Jul 31 2012**".

RESPONDANT: Patrick C. Flynn

A handwritten signature in black ink, appearing to read "Patrick C. Flynn", is written above a horizontal line.

BOARD:
Allen Amsler
Chairman

Mark S. Lutz
Vice Chairman



Catherine B. Templeton, Director

Promoting and protecting the health of the public and the environment

BOARD:
R. Kenyon Wells

L. Clarence Batts, Jr.

Ann B. Kirol, DDS

John O. Hutto, Sr., MD

May 17, 2012

CERTIFIED MAIL 91 7108 2133 3938 7369 1837

Mr. Patrick Flynn, Reg. Director
Carolina Water Service, Inc.
200 Weathersfield Avenue
Altamonte Springs, FL 32714-4027

Re: Consent Order 12-012-W
Whites Creek-Lincolnshire Wastewater Treatment Plant
NPDES Permit SC0030732
Georgetown County

Dear Mr. Flynn:

Enclosed, please find a copy of the fully executed Consent Order 12-012-W affecting the above referenced facility. **This copy of the Consent Order replaces the copy previously sent to you via certified letter dated April 12, 2012. Please discard that copy of the document.**

The Consent Order is considered executed on April 10, 2012. Please be aware of the scheduled compliance requirements outlined on pages six (6) and seven (7) of the Order. You may contact me at (803) 898-4181 if you have questions or need additional information.

Sincerely,

Paul F. Wise
Water Pollution Enforcement Section
Bureau of Water

Enclosure

cc: via electronic mail
Larry Ragsdale, Region 6
Eddie Bassett, WP Enforcement/Compliance

**THE STATE OF SOUTH CAROLINA
BEFORE THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL**

**IN RE: CAROLINA WATER SERVICE, INC.
WHITES CREEK – LINCOLNSHIRE WASTEWATER TREATMENT PLANT
GEORGETOWN COUNTY**

**CONSENT ORDER
12-012-W**

Carolina Water Service, Inc. (Respondent) owns and is responsible for the proper operation and maintenance of the Whites Creek-Lincolnshire wastewater treatment plant (WWTP) located off U.S. Highway 17 on Pee Dee Road, in Georgetown County, South Carolina.

The Respondent failed to comply with the effluent limits for biochemical oxygen demand (BOD), total residual chlorine (TRC), total copper and total lead contained in its National Pollutant Discharge Elimination System (NPDES) Permit.

Based upon discussions with agents for the Respondent on February 10, 2012, the parties have agreed to the issuance of this Order to include the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

1. The Respondent owns and is responsible for the proper operation and maintenance of the Whites Creek-Lincolnshire WWTP located in Georgetown County, South Carolina.
2. The South Carolina Department of Health and Environmental Control (Department) reissued NPDES Permit SC0030732 to the Respondent, authorizing the discharge of treated wastewater to Whites Creek to the Sampit River, in accordance with the effluent limitations, monitoring requirements, and other conditions set forth therein.
3. On January 17, 2008, Department staff issued Construction Permit # 34,747-WW, authorizing

the Respondent to upgrade the existing WWTP to meet NPDES Permit limits, to include conversion to sequencing batch reactor treatment units and ultraviolet (UV) disinfection equipment. The upgrade has not been completed. The permit remains effective.

4. The Respondent reported violations of the effluent limits of the NPDES Permit during the following monitoring periods:

Biochemical Oxygen Demand (BOD) – May 2010, June 2010

Total Residual Chlorine (TRC) – January 2010 through December 2010, inclusive.

Comments provided on the DMRs stated the TRC violations were due to the absence of dechlorination equipment. [The] New plant (SC DHEC Construction Permit # 34,747-WW) will have UV disinfection.

5. On November 22, 2010, Department staff sent a notice of violation (NOV) to the Respondent, via certified mail, regarding the BOD violations reported for the May and June 2010 monitoring periods and the TRC violations reported for the May through November 2010 monitoring periods. A response was requested within ten (10) days of receipt of the notice, with the measures to be taken to ensure compliance with Permit conditions.
6. In a letter dated December 14, 2010, received December 17, 2010, the Respondent stated the BOD violations were associated with spikes in plant flow attributable to collection system deficiencies. The collection system has significant inflow/infiltration (I&I) during wet weather events and when the groundwater table is high. The Utility has cleaned and video inspected the majority of the White Creek portion of the collection system in order to determine the location and severity of piping deficiencies. The Utility had committed to approximately fifty-five thousand dollars (\$55,000.00) in capital improvements to repair three hundred fifty (350)

linear feet of gravity sewer main and associated sewer taps. The work was scheduled to be complete by December 2010.

The letter further stated the TRC exceedances were attributable to the absence of any dechlorination facilities at the WWTP. The Utility proposed to install a dechlorination tab feeder to meet permit limits. A request to modify the permit and to construct the dechlorination feeder would be forwarded to the Department for approval within thirty (30) days. Actual construction time would be less than thirty (30) days.

7. The Respondent reported violations of the effluent limits of the NPDES Permit for the following monitoring periods:

BOD – February 2011 through July 2011, inclusive.

Comments provided on the February DMR stated the BOD exceedance was due to a 3-inch rainfall event the first week of February. Comments provided on the March DMR stated the BOD exceedance was due to the plant being “slightly upset” due to repairs being made to the clarifier weir the day before sampling. Comments provided on the April DMR stated the BOD exceedance was due to the air diffusers in the aeration basin being clogged causing upset in the biological process. Comments provided on the May and June DMRs stated the BOD exceedances were due to no digester for process control.

8. The Respondent reported violations of the effluent limits of the NPDES Permit for the following monitoring periods:

Total Copper – March-May 2011, June-August 2011, and September-November 2011 quarterly monitoring periods.

Total Lead – March-May 2011, June-August 2011 quarterly monitoring periods

Comments provided on the DMRs stated the cause of the violations was unknown.

9. The Respondent reported violations of the effluent limits of the NPDES Permit for the following monitoring periods: TRC - January 2011 through December 2011, inclusive.

Comments provided on the DMRs stated the TRC violations were due to the absence of dechlorination equipment. [The] [n]ew plant (SC DHEC Construction Permit # 34-747-WW) will have UV disinfection.

10. On August 1, 2011, Department staff conducted a Compliance Evaluation Inspection (CEI) of the WWTP. The facility received an Unsatisfactory rating due to continued non-compliance with TRC limits, the unauthorized discharge of sludge to the receiving stream and the excessive I&I in the collection system. During the inspection it was noted that some of the equipment to be used for the upgrade of the WWTP under Construction Permit 34-747-WW was onsite, but not installed.
11. On August 17, 2011, Department staff sent an NOV to the Respondent, via certified mail, regarding the BOD, TSS, total copper and total lead effluent violations reported for the June 2011 monitoring period. A response was not requested since an explanation of the violations had been provided on the DMRs.
12. In a letter dated September 8, 2011, Department staff notified the Respondent of the results of the August 1, 2011 CEI. The Respondent was requested to respond within fifteen (15) days of receipt of the letter, with corrective actions to address the deficiencies noted in the inspection.
13. On October 13, 2011, a meeting was held at the request of the Respondent, with Mr. Patrick Flynn, Regional Director of the Respondent, to discuss the Whites Creek-Lincolnshire WWTP. Mr. Flynn indicated an agreement was being negotiated with Georgetown County Water and

Sewer District (GC) to either: (1) transfer the WWTP and associated collection system to GC; or (2) retain ownership of the system but interconnect the Respondent's collection system to GC's collection system through master meter and then become a bulk sewer customer of GC. With either approach, Respondent proposed to subsequently eliminate the WWTF discharge to Whiles Creek.

14. In a letter to the Department dated October 21, 2011, the Respondent proposed a schedule addressing elimination of the WWTP discharge (by transferring the system to GC), or upgrading the facility to meet NPDES Permit limits. The proposed schedule included the submittal of construction permit application by February 28, 2012, for an interim upgrade to the WWTF to meet TRC limits until the facility is eliminated or upgraded to meet final NPDES Permit Limits.
15. On January 19, 2012, Department conducted an enforcement conference with agents for the Respondent to discuss the above finding of fact. The issuance of a Consent Order addressing the elimination of the WWTP discharge or upgrading the facility to meet final limits was discussed.
16. The Respondent reported violations of the TRC limits on DMRs submitted for the January 2012 monitoring periods.
17. As of March 21, 2012, the Respondent has not reached an agreement with GC for the elimination of the WWTF discharge.
18. As of March 21, 2012, the Respondent has not submitted the construction permit application for the interim upgrade to meet NPDES Permits for TRC.

CONCLUSIONS OF LAW

Based upon the above Findings of Fact, the Department reaches the following Conclusions of Law:

1. The Respondent violated the Pollution Control Act, S.C. Code Ann. § 48-1-110 (d) (2008) and Water Pollution Control Permits, 24 S.C. Code Ann. Regs. 61-9.122.41 (a) and (e) (Supp. 2009 and Supp. 2010), in that it failed to comply with the BOD, TRC, total copper and total lead limits in its NPDES Permit.
2. The Pollution Control Act, S.C. Code Ann. § 48-1-330 (2008), provides for a civil penalty not to exceed ten thousand dollars (\$10,000.00) per day of violation for any person violating the Act or any rule, regulation, permit, permit condition, final determination, or Order of the Department.

NOW, THEREFORE, IT IS ORDERED, CONSENTED TO AND AGREED, pursuant to the Pollution Control Act, S.C. Code Ann. § 48-1-50 (2008) and § 48-1-100 (2008), that the Respondent shall:

1. On or before April 30, 2012, submit a construction permit application submit an application to construct an interim upgrade of the WWTF in order to meet the existing NPDES Permit limits for TRC. The application may also include the conversion of the disinfection system to sodium hyperchlorite, the addition of sodium thiosulfate for dechlorination and the installation of an aerobic digester.
2. Within ninety (90) days of the issuance of the construction permit, complete construction of the interim facility upgrade and request an inspection of the purpose of obtaining Department approval to operate the WWTF.
3. On or before July 31, 2012, negotiate an agreement with GC to either; 1) transfer ownership of

the Whites Creek/Lincolnshire system to GC or 2) construct an interconnection between the two collection systems that will enable the Respondent to eliminate the discharge from the WWTP. The Respondent shall provide monthly progress reports on the status of the negotiations with GC.

4. On or before July 31, 2012, submit a proposed construction schedule that identifies the milestones and timeframes required to complete termination of the WWTPs discharge. Upon Department approval, the schedule shall become an enforceable part of this Order.
5. If the negotiations with GC fail, then on or before October 30, 2012, submit a construction permit application for the upgrade of the facility to meet all Final Permit limits.
6. Within ninety (90) days of the issuance of the construction permit, commence construction of the upgrade to meet Final Permit Limits.
7. Provide monthly status reports to the Department that describes the construction progress. The status reports shall be submitted by the 28th day of each month.
8. Within one hundred eighty (180) days of commencement of construction, complete construction and request Department approval to place the upgraded facility into operation.
9. Within thirty (30) days of the Department's issuance of the approval to operate, complete startup activities and place the upgraded facility into service.
10. Within thirty (30) days of the execution date of this Order, pay the Department a civil penalty in the amount of twelve thousand dollars (\$12,000.00).

IT IS FURTHER ORDERED AND AGREED that the Department has assessed a civil penalty in the amount of twenty-six thousand dollars (\$26,000.00). The Department suspends fourteen thousand dollars (\$14,000.00) of the penalty, provided however, that this suspension shall be vacated and the

full amount of twenty-six thousand dollars (\$26,000.00) shall be due and payable upon the Department's determination that the Respondent has failed to comply with the requirements of the Order. The penalty shall be due and payable within thirty (30) days of the date that the Respondent receives written notification of such determination from the Department. The Department's determination that the Respondent has not complied with the requirements of this Order shall be final. Further, a violation of the terms of this Order shall be deemed a violation of the South Carolina Pollution Control Act and shall be deemed unlawful, and may subject the Respondent to further enforcement action.

THE PARTIES FURTHER STIPULATE that the Respondent shall pay additional civil penalties in the amount of five thousand dollars (\$5,000.00) per month for each and every additional month the Respondent fails to meet a schedule date, unless the schedule date has been extended by mutual agreement through further amendment to this Consent Order. The penalty shall be due and payable within thirty (30) days of the date that the Respondent receives written notification from the Department that the Respondent has failed to meet a schedule date.

All penalties due under this paragraph shall be made payable to the South Carolina Department of Health and Environmental Control.

All penalties, including those due and payable in the event of the Respondent's failure to comply with this Order, shall be in addition to any other remedies or sanctions which may be available to the Department by reason of the Respondent's failure to comply with the requirements of this Order.

All penalties due under this paragraph shall be made payable to the South Carolina Department of Health and Environmental Control.

PURSUANT TO THIS ORDER, all communication regarding this Order and its

requirements, shall include the Order number and shall be addressed as follows:

Paul F. Wise
Water Pollution Control Division
South Carolina DHEC
2600 Bull Street
Columbia, South Carolina 29201

Please include the Order number listed above on all submittals required under this Order, including all checks remitted as payment of the civil penalty.

IT IS FURTHER ORDERED AND AGREED that failure to comply with any provision of this Order shall be grounds for further enforcement action pursuant to the Pollution Control Act, S.C. Code Ann. § 48-1-330 (2008), to include the assessment of additional civil penalties.

IT IS FURTHER ORDERED AND AGREED that this Consent Order governs only Carolina Water Service, Inc.'s liability to the Department for civil sanctions arising from the matters set forth herein and constitutes the entire agreement between the Department and Carolina Water Service, Inc., with respect to the resolution and settlement of the matters set forth herein. The parties are not relying upon any representations, promises, understandings or agreements except as expressly set forth within this Consent Order.

[Signature Page Follows]

FOR THE SOUTH CAROLINA DEPARTMENT
OF HEALTH AND ENVIRONMENTAL CONTROL

for James H. King, Jr.
Robert W. King, Jr., P.E.,
Deputy Commissioner
Environmental Quality Control

Date: 4/10/12

David E. Wilson, Jr.
David E. Wilson, Jr., P.E.,
Bureau Chief
Bureau of Water

Date: 4-5-12

Glenn E. Trofater
Glenn E. Trofater, Director
Water Pollution Control Division
Bureau of Water

Date: Apr. 5 2012

Reviewed By:

Robert Hall
Attorney
Office of General Counsel

Date: 4/5/12

WE CONSENT:

CAROLINA WATER SERVICE, INC.

Patrick Flynn
Patrick Flynn, Regional Director

Date: 4/3/12

BOARD:
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Chairman
Mark S. Lutz
Vice Chairman



Catherine B. Templeton, Director

Promoting and protecting the health of the public and the environment

August 13, 2012

BOARD:
R. Kenyon Wells
L. Clarence Batts, Jr.
Ann B. Kirol, DDS
John O. Hutto, Sr., MD

CERTIFIED MAIL 91 7199 9991 7031 3720 6559

Mr. Patrick Flynn, Reg. Director
Carolina Water Service, Inc.
200 Weathersfield Avenue
Altamonte Springs, FL 32714-4027

Re: Notice of Violation
Consent Order 12-012-W
Whites Creek-Lincolnshire Wastewater Treatment Plant
NPDES Permit SC0030732
Georgetown County

Dear Mr. Flynn:

A review of the file for the referenced facility has found Carolina Water Service, Inc. (CWS) to be in violation of the compliance schedule of Consent Order 12-012-W. Specifically, CWS failed to negotiate an agreement with the Georgetown County Water and Sewer District (GC) by July 31, 2012, to either 1) transfer the ownership of the Whitescreek/Lincolnshire system to GC or 2) construct an interconnection between the two collection systems that will enable CWS to eliminate the discharge from the wastewater treatment facility.

In accordance with the terms of the Consent Order, you are hereby notified that the suspended penalty in the amount fourteen thousand dollars (\$14,000.00) is now due and payable to the Department within thirty (30) days of receipt of this notice. Since CWS overpaid the original penalty amount in the Consent Order by four thousand dollars (\$4,000.00), the current balance due to the Department is now ten thousand dollars (\$10,000.00). Failure to submit the payment of ten thousand dollars (\$10,000.00) within the time frames required herein will be considered an additional violation of the Consent Order.

Violation of Consent Order 12-012-W subjects Carolina Water Service to further enforcement action, which will include the assessment of additional civil penalties of up to ten thousand dollars (\$10,000.00) per day for each day of violation, as set forth in the Pollution Control Act, S.C. Code Ann. 48-1-330 (2008).

You are also reminded that per the Consent Order, CWS is subject to a stipulated penalty of five thousand dollars (\$5,000.00) per month, for each and every additional month that the CWS fails to comply with the schedule date (of July 31, 2012) or other schedule dates contained in the Order.

If you have any questions concerning this notice, you may call me at 803-898-4181.

Sincerely,

Paul F Wise
Enforcement Officer
Water Pollution Control Division

BOARD:
Allen Amsler
Chairman
Mark S. Lutz
Vice Chairman



Catherine B. Templeton, Director

Promoting and protecting the health of the public and the environment

September 6, 2012

BOARD:
R. Kenyon Wells
L. Clarence Batts, Jr.
Ann B. Kirol, DDS
John O. Hurto, Sr., MD

CERTIFIED MAIL 91 7199 9991 7031 3720 6658

Mr. Patrick Flynn, Reg. Director
Carolina Water Service, Inc.
200 Weathersfield Avenue
Altamonte Springs, FL 32714-4027

Re: Notice of Violation
Consent Order 12-012-W
Whites Creek-Lincolnshire Wastewater Treatment Plant
NPDES Permit SC0030732
Georgetown County

Dear Mr. Flynn:

A review of the file for the referenced facility has found Carolina Water Service, Inc. (CWS) to be in violation of the compliance schedule of Consent Order 12-012-W. Specifically, CWS failed to negotiate an agreement with the Georgetown County Water and Sewer District (GC) by July 31, 2012, to either 1) transfer the ownership of the Whitescreek/Lincolnshire system to GC or 2) construct an interconnection between the two collection systems that will enable CWS to eliminate the discharge from the wastewater treatment facility. As of August 31, 2012, the Department has not received the agreement. Further, per discussions with GC, as of September 6, 2012, an agreement has not been negotiated.

In accordance with the Consent Order, CWS is subject to a stipulated penalty of five thousand dollars (\$5,000.00) per month, for each and every additional month that CWS fails to comply with the schedule date (of July 31, 2012) or other schedule dates contained in the Order. You are hereby notified that the stipulated penalty in the amount five thousand dollars (\$5,000.00) is now due and payable to the Department within thirty (30) days of receipt of this notice. Failure to submit the payment of five thousand dollars (\$5,000.00) within the time frames required herein will be considered an additional violation of the Consent Order.

Violation of Consent Order 12-012-W subjects Carolina Water Service to further enforcement action, which will include the assessment of additional civil penalties of up to ten thousand dollars (\$10,000.00) per day for each day of violation, as set forth in the Pollution Control Act, S.C. Code Ann. 48-1-330 (2008).

You are also reminded that, in accordance with the Consent Order, CWS is required to submit a construction permit application addressing the upgrade of the facility to meet final limits by October 30, 2012.

If you have any questions concerning this notice, you may call me at 803-898-4181.

Sincerely,

Paul F. Wise
Enforcement Officer
Water Pollution Control Division

BOARD:
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Chairman
Mark S. Lutz
Vice Chairman
Steven G. Kiser
Secretary



C. Earl Hunter, Commissioner

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BOARD:
R. Kemper Wells
L. Clarence Batts, Jr.
Ann B. Kiser, DDS
John O. Hurto, Sr., MD

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

91 7108 2133 3938 7371 1863

September 8, 2011

**MR. PATRICK C FLYNN,
CAROLINA WATER SERVICE INC
200 Weathersfield Ave
Altamonte Springs, FL, 32714-4027**

Re: **NPDES Permit # SC0030732
CWS/WHITES CREEK-LINCOLNSHIRE WWTP
GEORGETOWN, SC, 29442
Georgetown County**

Reg: CEI (Compliance Evaluation Inspection)
August 1, 2011,

Mr. FLYNN:

A review of the attached report indicates a **non-compliance** rating due to deficiencies in the **Compliance Schedule, Administrative Order, Consent Order and the Facility Site Review, CSO/SSO** sections. Failure to comply with NPDES permit and regulatory requirements places this facility in violation of the South Carolina Code of Laws (Sections 48-1-110).

Please provide a written response indicating and supporting corrective actions taken to address each of the noted deficiencies within fifteen (15) days of receipt of this letter. If you have any questions regarding this report, please contact me at (803) 898-4401.

Sincerely,

William T McDermott
Storm Water Compliance Manager
Water Pollution Compliance Section
Bureau of Water
E-mail mcdermwt@dhec.sc.gov
2600 Bull St Columbia SC 29201-1708
Telephone: 803-898-4401 Fax: 803-898-4215

Attachment

cc: Larry Ragsdale; Fred K Earnhardt, Region 6 EQC – Myrtle Beach
Melanie Hindman, Jamie Teraoka, Eddie Bassett, Bureau of Water



**South Carolina Department of Health and Environmental Control
Compliance Inspection Report
Permit # SC0030732**

Inspection Type: CEI

Date of Inspection: 08/01/2011

Entry Time: 1030

Exit Time: 1230

Permit Effective Date: 1030

Permit Expiration Date: 1230

Name and Location of Facility, (include county):
CWS/WHITES CREEK-LINCOLNSHIRE WWTP
GEORGETOWN, SC, 29442
Georgetown County

Name, Telephone No. of On-Site Representative(s):
Randall Plummer, Wastewater Treatment Supervisor, 843.621.0504

Name and Address of Responsible Official/Telephone No.:
FLYNN, PATRICK C
CAROLINA WATER SERVICE INC
200 Weathersfield Ave
Altamonte Springs, FL, 32714-4027
407-869-1919

Areas Evaluated During Inspection

Permit ☒Records/Reports ☒Facility Site Review ☒

Effluent/Receiving Waters

☐Collection System ☐Flow Measurement ☒Self-Monitoring ☒

Compliance Schedules

☒Laboratory ☐Other: ☐

Operation and Maintenance

☒Sludge Handling/Disposal ☒

Name of Inspector: Fred K Earnhardt
EQC

Region/District: 06 MYRTLE BEACH**Name of Region Reviewer:****Date:****Name of WPC Reviewer:** Bill McDermott**Date:** 9/8/2011

**Compliance Evaluation Inspection
CWS/WHITES CREEK-LINCOLNSHIRE WWTP
GEORGETOWN, SC
PERMIT SC0030732**

Introduction

On August 1, 2011, personnel from the South Carolina Department of Health and Environmental Control (SCDHEC) performed a Compliance Evaluation Inspection at the Carolina Water Service, Inc.'s (CWS) Whites Creek –Lincolnshire Subdivision WWTP. All findings made during the inspection were discussed with the representatives in a closing conference.

The following individuals were present during the inspection:

| <u>NAME</u> | <u>ORGANIZATION</u> | <u>TELEPHONE</u> |
|--------------------|----------------------------|-------------------------|
| Randall Plummer | CWS | 843.621.0504 |
| Larry Ragsdale | SCDHEC | 843.238.4378 |
| Fred K Earnhardt | SCDHEC | 843.238.4378 |

Permit

This facility is permitted to discharge under NPDES Permit No. SC0030732. The permit became effective on December 1, 2009 and expires on September 30, 2014. Permit information regarding the number and location of discharge points, as well as the name and location of the receiving waters, is correct. All discharges at this facility are permitted.

Rating: Satisfactory

Recommendations:

Requirements:

Compliance Schedule, Administrative Order, Consent Order

This facility is currently under a schedule of compliance per their NPDES permit to either eliminate the facility or upgrade it to include UV disinfection. Bureau of Water Construction Permit No. 34-747-WW was issued on January 17, 2008 to include (i) converting existing storage capacity to an aerated influent equalization tank with duplex glass fiber weatherproof housing enclosed and noise attenuated 10-hp Dresser Frame 36 Roots-type blowers, (ii) upgrading the influent pump station to 7½-hp Hydromatic S4S pumps, (iii) a Wedgewater W200 static screen, (iv) duplex Fluidyne ISAM-70 SBR treatment units, (v) duplex metals precipitation subsystems with tripod stand mounted plastic drums and Chem-Tech 100 Series Pulsatron metering pumps feeding GE-Betz MetClear chemical to the SBR surge chambers, (vi) a DAVCO Gravel/Sand/Anthracite media 20-cell automated traveling bridge filter, (vii) duplex Siemens WT6L4HO UV disinfection units, (viii) a 3-inch throat Parshall flume, (ix) a 19,000-gallon sludge holding tank with glass fiber weatherproof housing enclosed and noise attenuated duplex 3½-hp Rietschle Thomas HB-436 regenerative blowers, sixteen Wifley Weber DPR-10 fine bubble diffusers, duplex ¾-hp PACO NCU 3070-21 sludge transfer pumps and a crane hoisted 0.4-hp Little Giant 9S-CIM sludge decant pump and (x) an on-site 60-kw generator–ATS standby power system. Substitution by equivalent equipment, associated control & telemetry systems, electricals, pipes & valves, structures, signage and other appurtenances are included. CWS had until January 16, 2010 to start construction and until January 16, 2011 to obtain an Approval to

**Compliance Evaluation Inspection
CWS/WHITES CREEK-LINCOLNSHIRE WWTP
GEORGETOWN, SC
PERMIT SC0030732**

Place into Operation from the Region 6 EQC Office. At the time of this inspection some upgrade equipment was on site but it was not ready to be put into service. It appears that all timetables have been exceeded for this upgrade and additional permitting may be necessary. Carolina Water should contact SCDHEC before continuing work on this upgrade.

Rating: Unsatisfactory

Recommendations:

Requirements:

Records and Reports

The permittee's record keeping and report preparation procedures were consistent with the permit requirements. A review of the facility data for May 2011, revealed analytical results are consistent with the data reported on the Discharge Monitoring Reports. Based on the presented data it appears that all calculations are performed correctly.

Rating: Satisfactory

Recommendations:

Requirements:

Flow Measurement

The flow is measured at the effluent using a V-notch Weir. The flow entering the weir appears reasonably well distributed across the channel and free of turbulence. The weir is operating under free-flow conditions over existing range of flows. The flow chart and totalizer were recently upgraded to an Isco 4230 and was checked for accuracy on December 3rd 2010. Recorded flow was checked against the actual flow being discharged through the flume. A comparison of these found the amount of error to be within the +/- 10% requirement stated in the current NPDES Permit.

Rating: Satisfactory

Recommendations:

Requirements:

Self-Monitoring Program

The facility's self-monitoring program is in compliance with permit requirements. Effluent samples for BOD and TSS are collected per permit requirements with an Isco automatic sampler and maintained at 4° C. The samples are collected over a 24-hour period proportional to effluent flow. The collection line needed replacement or cleaning and the header should be placed in the center of the effluent channel at a depth of one foot. Currently the sampling header is too close to the side of the contact chamber. Grab samples are collected using accepted methodology.

Rating: Satisfactory

Recommendations:

Requirements:

**Compliance Evaluation Inspection
CWS/WHITES CREEK-LINCOLNSHIRE WWTP
GEORGETOWN, SC
PERMIT SC0030732**

Facility Site Review, CSO/SSO

The package facility consists of:

- ☐ Influent Screening and Surge Basin
- ☐ Diffusion Aeration
- ☐ Clarification
- ☐ Post Chlorination

The treatment plant was online, appeared to be functioning properly, and no significant odor was noted. However, the facility is continuing to have issues with Total Residual Chlorine (TRC). A review of the daily log and DMR data reflected a TRC consistently above their current NPDES permit limits. Additionally, the facility has a recent upset that spilled sludge into the receiving stream. The spillage was due to excessive infiltration and inflow problems in the collection system. SCDHEC issued a construction permit to upgrade the facility to accommodate additional flow and control surges. Only parts of the necessary equipment to satisfy the permit are on site. The operator stated that Carolina Water Service might request approval to place the on-site equipment in use to help control flow surges. Carolina Water is reminded that any changes to what was approved by SCDHEC will require additional permitting by the Bureau of Water.

The system has one (1) pump station. CWS is aware that any spillage will require SCDHEC notification. As noted above, this facility has upset conditions when flow rates exceed the capacity of the treatment system. All non-compliance situations are reportable, especially when a stream is involved. Carolina Water should contact SCDHEC when upset conditions are present. Additionally, sampling of the effluent should be initiated when noncompliance situations occur.

Rating: Unsatisfactory

Recommendations:

Requirements:

Operations and Maintenance

Operation and maintenance schedules were not reviewed at the time of this inspection. The facility has adequate manpower to operate the treatment plant.

Rating: Satisfactory

Recommendations:

Requirements:

Effluent/Receiving Waters

Effluent sampling was not part of this inspection.

Rating: Not Rated

Recommendations:

Requirements:

**Compliance Evaluation Inspection
CWS/WHITES CREEK-LINCOLNSHIRE WWTP
GEORGETOWN, SC
PERMIT SC0030732**

Sludge Handling/Disposal

Sludge is removed from the system at regular intervals and transported for treatment per the facility's NPDES permit. The operator stated that the facility wastes approximately 60,000 gallons of waste activated sludge yearly. The sludge is transported to P & S Construction in Winnsboro, South Carolina (formerly Bio-Tech). He further stated that Carolina Water has a letter of acceptance from the City of Georgetown to take up to 10,000 gallons of waste activated sludge at the City of Georgetown WWTP. The operator stated that Carolina Water is applying to SCDHEC to have the disposal site amended in the NPDES Permit.

Rating: Satisfactory

Recommendations:

Requirements:

Laboratory

The laboratory was not evaluated as part of this inspection.

Rating: Not Rated

Recommendations:

Requirements:



October 21, 2011

Mr. Brian Wisnewski
South Carolina DHEC
Wastewater Compliance & Enforcement Section
2600 Bull Street
Columbia, SC 29201-1708

RE: Lincolnshire/Whitescreek WWTF
Facility ID# SC0030732
Proposed Action Plan

Dear Mr. Wisnewski:

Thank you for meeting with Bob Gilroy, Scotty Haws and me last week to discuss the current situation at our Lincolnshire/Whitescreek sewer system, much of which you and your staff are quite familiar with. I won't rehash the historical record in this letter, but as we promised, I believe a better course of action is called for than what has been done to date.

Per our meeting last Thursday, Carolina Water Service, Inc. (CWS) proposes that a period of time be provided for CWS to pursue negotiations with Georgetown County Water & Sewer District (Georgetown) regarding the transfer of the Lincolnshire/Whitescreek system to Georgetown and thus allow for the connection of our collection system to Georgetown's facilities. This, in turn, would allow for the decommissioning of our plant and the cancellation of our facility's operating permit. Preliminary discussions with Georgetown lead me to believe that there is an opportunity to attain our goals.

On its surface, this appears to be the most feasible means of addressing the shortcomings of the existing wastewater treatment facilities and would be in conformance with the stated objectives of the Regional 208 Plan. It also optimizes the use of scarce capital for the benefit of the environment and our customers in what all hope is a relatively short time period. In conformance with these objectives, CWS offers the following proposed timeline:

1. **April 30, 2012:** One hundred eighty (180) days to negotiate an agreement with Georgetown County to receive all wastewater currently conveyed to the Lincolnshire/Whitescreek WWTF.
2. **February 28, 2012:** In anticipation of the negotiations not proving fruitful, CWS would make application for a revised construction permit to include installation of an aerobic digester and chlorine contact chamber (CCC), conversion of the existing CCC to a dechlorination chamber using sodium bisulfite, and the conversion of the existing disinfecting agent from chlorine gas to sodium hypochlorite. This would be considered an interim condition that would have the

a Utilities, Inc. company Carolina Water Service, Inc.

immediate benefit of providing adequate disinfection to plant flow as well as reducing the impact of the disinfection process on the receiving stream.

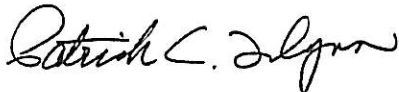
3. **April 30, 2012:** Sixty (60) days for the Department to process and issue a construction permit.
4. **July 30, 2012:** Ninety (90) days to construct the interim wastewater facility modifications should negotiations with Georgetown fail, unless the Department authorizes a time extension.
5. **August 30, 2012:** Thirty (30) days to obtain authorization to place the new facilities into service.

This proposed time line takes into account the fact that the digester tank and a traveling bridge filter are already on site with the digester ready to be placed in service on short notice. The filter unit, however, will require some modifications and pipe work in order for it to serve as a contact chamber.

We appreciate the Department's consideration in this matter and look forward to hearing your thought. In the meantime, we will continue our discussions with Georgetown in the hope that the parties reach a mutually beneficial agreement. Please do not hesitate to contact me should you have any questions at (800) 272-1919, extension 1359 or via email at pcflyn@uiwater.com.

Sincerely,

CAROLINA WATER SERVICE, INC.



Patrick C. Flynn,
Regional Director

CC: Richard J. Durham, Regional Vice President (rjdurham@uiwater.com)
Scotty Haws, Regional Safety & Compliance Manager (slhaws@uiwater.com)
Bob Gilroy, Regional Manager (rhgilroy@uiwater.com)
David White, Project Manager (dawhite@uiwater.com)



July 31, 2012

Mr. Paul Wise
Water Pollution Control Division
South Carolina DHEC
2600 Bull Street
Columbia, SC 29201

Re: Consent Order No. 12-012-W
Lincolnshire - Whites Creek WWTF
NPDES Permit # SC0030732
Georgetown County

Dear Mr. Wise:

Per the terms of the previously executed Consent Order No. 12-012-W, Carolina Water Service, Inc. (CWS) hereby submits for your review and comment the following proposed schedule regarding the construction of an interconnection of the CWS Lincolnshire - Whites Creek wastewater collection system to Georgetown County Water & Sewer District's (GC) sewer system.

The following plan and timeline is contingent upon CWS obtaining approval from the South Carolina Public Service Commission (PSC) of a petition to change the method of providing wastewater service to our customers in Lincolnshire and Whites Creek subdivisions in accordance with PSC rules and regulations:

1. Within 30 days of DHEC approval of this schedule, CWS will petition the PSC for approval of a bulk wastewater service agreement between CWS and GC. The PSC must approve any change in the way that service is provided to customers.
2. Once the PSC issues an order approving the petition referenced in Item 1, CWS will submit to DHEC within 120 days a construction permit application to allow the construction of the interconnection(s) with GC in order for the Lincolnshire – Whites Creek WWTP to be taken out of service.
3. Once DHEC issues the construction permit referenced in Item 2, CWS will initiate the bid process, and within 60 days, select a contractor and issue a notice to proceed with construction.
4. Within 180 days, CWS will substantially complete construction of the interconnection(s). This includes obtaining encroachment permits, easements or other construction-related documents necessary to place the new facilities in their designated locations.
5. Within 30 days of completing construction, CWS's engineer will certify that the project has been completed as permitted and provide record drawings to DHEC.

a Utilities, Inc. company Carolina Water Service, Inc.

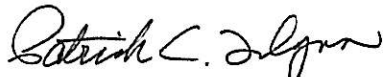
6. At the same time, CWS will submit a closure plan to DHEC that outlines the steps necessary to retire the Lincolnshire – Whites Creek WWTP from service.
7. Within 7 days of receiving DHEC approval to place the new facilities into operation, CWS will direct all of its wastewater flow to GC and terminate the operation of the Lincolnshire – Whites Creek WWTP.
8. Thereafter, CWS will execute the approved closure plan pertaining to the WWTP.

It is the goal of CWS to move rapidly toward completion of this process once the PSC has acted on our petition. Where feasible, CWS will execute tasks in parallel in order to shorten the total timeframe needed to complete the project. As an example, while the permit application is under review, we will identify our preferred contractors and provide them with a set of plans so that the bidding process might be completed sooner. We have our engineering consultant already selected, W. K. Dickson Engineering, who are primed to proceed rapidly to support the project.

Please let me know if this schedule meets with your approval. Don't hesitate to contact me you need further information or clarification. I can be reached at (800) 272-1919, extension 1359.

Sincerely,

CAROLINA WATER SERVICE, INC.



Patrick C. Flynn
Regional Director

Xc: Richard J. Durham, Regional Vice President
Bob Gilroy, Regional Manager
David White, Project Manager

| | |
|--|-----|
| Number of active CWS Whitescreek/Lincolnshire customers: | 275 |
| Number of Lots in Whitecreek/Lincolnshire community: | 300 |

EXAMPLE 1**CWS WWTP:**

| | |
|--|-------------------------|
| CWS current rate to Whitescreek/Lincolnshire customers | \$40.56 per unit |
|--|-------------------------|

EXAMPLE 2**CWS with Georgetown Water & Sewer PSD Treating Wastewater:**

| | |
|---|------------------|
| CWS current rate to Whitescreek/Lincolnshire customer | \$26.73 per unit |
|---|------------------|

| | |
|-----------------------------|------------------|
| GW&S PSD base charge to CWS | \$0.022 per unit |
|-----------------------------|------------------|

Average Whitecreek/Lincolnshire customer volumetric use
7,000 gallons per month

GW&S PSD calculated volumetric use
2,100,000 gallons per month

(Only valid for volume up to 2,100,000 gallons
per month)

GW&S PSD rate using volumetric use of
2,100,000 gallons per month is
\$1.99 per 1,000 gallons at Tier I Rate

| | |
|---------------------------------------|------------------|
| Calculated customer volumetric charge | \$15.20 per unit |
|---------------------------------------|------------------|

| | |
|--|-------------------------|
| TOTAL SEWER CHARGE WITH GW&S PSD TREATING SEWER | \$41.95 per unit |
|--|-------------------------|

EXAMPLE 3**CWS with Geotown Water & Sewer PSD Treating Wastewater:**

CWS current rate to Whitescreek/Lincolnshire customer
\$26.73 per unit

GW&S PSD base charge to CWS
\$0.022 per unit

Average Whitescreek/Lincolnshire customer volumetric use
16,145 gallons per month

GW&S PSD calculated volumetric use
4,843,500 gallons per month

(Only valid for volume above 2,100,000 gallons
and not over 8,400,000 gallons per month)

GW&S PSD rate using volumetric use of
2,100,000 gallons per month is
\$1.99 per 1,000 gallons at Tier I Rate
2,743,500
\$3.33 per 1,000 gallons at Tier II Rate

Calculated customer volumetric charge for
2,100,000 gallons per month
\$15.20 per unit
2,743,500 gallons per month
\$33.22 per unit

GW&S PSD Sewer Demand Rate
\$7.28 per REU over Tier I

Sewer Demand Charge
(Charge triggered when calculated
volumetric amount exceeds
152,000 gallons per day or
4,560,000 gallons per month)
\$10.38 per unit

GW&S PSD Availability Fee
\$3.74 per REU over Tier I

Sewer Availability Fee
(Charge triggered when calculated
volumetric amount exceeds
152,000 gallons per day or
4,560,000 gallons per month)
\$9.41 per unit

TOTAL SEWER CHARGE WITH GW&S PSD TREATING SEWER
\$94.96 per unit